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UNDP: COUNTRY PROGRAMMES AND RELATED MATTERS

FIRST COUNTRY PROGRAMME FOR UZBEKISTAN

Programme period	Actual resources programmed	$
1994-1996	IPF	6 283 000
	Estimated cost-sharing	876 000
	Total	7 159 000

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I. DEVELOPMENT SITUATION, OBJECTIVES AND STRATEGIES

A. Current socio-economic situation

1. Uzbekistan is a land-locked country bordered by Kazakhstan to the north, Kyrgyzstan and Tajikistan to the east, Afghanistan to the south and Turkmenistan to the west. Part of the northern border with Kazakhstan crosses the Aral Sea. It has a land area of 447,000 square kilometres. The rainfall is generally low and only 10 per cent of the land area is cultivated, 95 per cent of which is irrigated. Uzbekistan is the most populous country of Central Asia. The population of 23 million, which is 71 per cent rural, is concentrated in fertile valleys, including the Fergana Valley, one of the most densely populated areas in the region. The country has a rich cultural history influenced by the route of the ancient silk road, the centres of commerce and learning which emerged in the first millennium and its rich ethnic diversity. The population is comprised of some hundred nationalities. About 71 per cent is Uzbek with significant minorities of Russians, 8 per cent, and Kazakhs and Tajiks each about 4 per cent. The country is administered through 12 provinces, the independent territory of Karakalpakstan and cities and agricultural counties. The capital of Tashkent has a population of 2.5 million.

2. Uzbekistan is a major agricultural producer, accounting for 40 per cent of net material product in 1992. It is the world's fourth largest producer of cotton and the third largest exporter. Owing to a massive expansion in land under irrigation, it is also the largest producer of fruit and vegetables within the Commonwealth of Independent States (CIS). Uzbekistan is also endowed with natural resources. It was the third largest producer of gold and natural gas in the former USSR and among the 10 largest natural gas suppliers in the world. Oil production is minor but the potential could be significant. It has a moderately well-developed transport system but the standard is uneven and telecommunications are poor.

3. Despite the natural resource endowments and expansion of agricultural and industrial production, Uzbekistan faces severe development constraints. It was one of the four poorest republics of the former Soviet Union. It has a birth rate of over 3 per cent with 40 per cent of the population under the age of 15. Official unemployment rates are still very low but the figures disguise a serious unemployment problem of factories working under capacity and restricted opportunities for school-leavers at a time of low absorptive capacity. As the labour market has contracted, women have been disproportionately affected. Women's role in family support has also been affected as social services, such as crèches and kindergartens, have been reduced.

4. On the collapse of the Soviet Union, Uzbekistan faced a pattern of difficulties common to all the countries of the former Soviet Union, namely, declines in output, disruption to trade within the Union, and the loss of budgetary transfers, which in the case of Uzbekistan were the highest in the Union, amounting to 19.5 per cent of gross domestic product (GDP) in 1991. The net result was a fall in real GDP of 10 per cent in 1992, a further 3 per cent in 1993 and an estimated 7 per cent in 1994. A temporary national currency pegged to the rouble was introduced in November 1993, adjusted to a floating

system in April 1994 and followed by a fully fledged national unit of currency (the som) in July. The free market exchange rate of the som has been relatively stable. In the immediate post-independence period, continued pricing and regulatory controls provided temporary relief from the economic shocks but postponed the need for drastic adjustment measures. With inflation running at over 1,000 per cent from 1992-1994, consumer subsidies were reduced and there has been a substantial decline in real income and living standards. Household income as a share of total income declined 70 per cent in 1993. Most of the decline occurred in transfer payments, the bulk of which were in the form of pensions. Delivery of health-care services has been particularly affected, with shortages of vaccines for outbreaks of polio and diphtheria. Half the population is without safe drinking water and water-borne diseases are on the rise. The decline in real income and living standards has affected most of the population and the World Bank estimates that 44 per cent of the population is below the poverty line of a minimum wage of about $6 per month. GDP per capita was estimated at $810 for 1993 and is expected to decline further. With a literate and informed population accustomed to the social protection system of the former Soviet Union, expectations remain high and difficult to sustain. This places heavy demands on the country's political and economic management.

B. National development objectives and strategies

5. Uzbekistan became independent in August 1991 and in December 1992 it adopted a new constitution, establishing basic principles of civil rights and the separation of powers. The former Communist Party was renamed the People's Democratic Party (PDP) and its leader was successful in the presidential elections which followed. Multi-party parliamentary elections took place on 25 December 1994. The Government requested and obtained international observers, including the Organization for Security and Cooperation in Europe (OSCE) to monitor these elections.

6. Ethnic issues require sensitive political management, as influential minorities of Russians, Kazakhs, Tajiks and Turkmen guarantee continued bonding to neighbouring States. The continued conflict along the Tajik-Afghanistan border, in a region with porous borders, poses political and security risks for the country and the region. Consequently, the Government has encouraged a role for the international community, especially the United Nations, in the settlement of this dispute and the wider issues of regional security. At the forty-eighth session of the General Assembly in 1993, the President formally called for a "permanent United Nations seminar on peace and stability" for the region.

7. Uzbekistan's approach to transition to a market-oriented economy is based on five principles:

(a) Priority of the economy over politics and "de-ideologization" of both domestic and external economic relations;

(b) The State as the main reformer and initiator of democratic transformation;

(c) Preservation of law and order and supremacy of law;

(d) Strong social policy protecting the most vulnerable strata;

(e) Transition to be carried out gradually on an evolutionary basis.

Owing to the caution of the evolutionary approach, the programme of structural reform began more slowly than in some other countries of the former Soviet Union. The Government's aim to prevent unrest and to provide all ethnic groups with broad and equal opportunities was implemented through gradual elimination of the former system of pervasive subsidies and transfers. The programme, however, is comprehensive and reform activity increased in 1994. A presidential decree of January 1994 established a ministerial council on economic reform, entrepreneurship and foreign investment; expanded the scope of the privatization committee; created a stock exchange; amended regulations for the holding of foreign currency accounts by nationals and joint ventures; abolished import duties for one year; and established a state insurance company to guarantee foreign investments. A further decree in March set the guidelines for the sale of State assets.

8. While future output growth will depend to some extent on exogenous factors, such as the prices for Uzbekistan's main exports, it is projected that the pursuit of reforms should lead to stabilization of production and prices in the medium term. The Government's commitment to a broad-ranging programme of economic reform over the next two or three years also recognizes the need for the mobilization of resources to assist in the process of transition to a market-oriented system. The potential of economic expansion from new activities and improved production is considerable and it is expected that substantial medium-term external financing will be required. The Government is confident of attracting large-scale private investment, particularly for new oil and gas ventures, but technical and concessional finance is also necessary for the improvements in many aspects of social and physical infrastructure.

II. EXTERNAL COOPERATION

A. Role of external cooperation

9. Compared to its response to some other newly independent States of the former Soviet Union, the international community initially responded with matching caution to Uzbekistan's more cautious approach to reform. The demonstrated commitment to the reform process is, however, beginning to dispel the early scepticism of donors. Uzbekistan joined the World Bank in September 1992 and the first formal meeting of the Consultative Group is scheduled for March 1995. Negotiations with the International Monetary Fund (IMF) on balance-of-payments support under the Systemic Transformation Facility, with parallel support from the Bank, are at an advanced stage.

10. The Government acknowledges the special role of technical cooperation at this stage of development needs, in order to achieve a cohesive approach to reforms in policy and implementation systems. It appreciates the neutrality and other comparative advantages of the United Nations system and the wide range of

assistance that can be offered by its various agencies and programmes. It has been particularly supportive in the establishment and work of a unified United Nations Office in Tashkent. Agencies have been influential in the early stages of identification of national needs and programmes and it is recognized that as programmes move to a more costly implementation stage, the United Nations, particularly the United Nations Development Programme (UNDP), can be of value in the coordination and mobilization of resources. The Government also recognizes the value of the United Nations system in helping Uzbekistan to integrate with the international community and global markets. The modality of technical cooperation among developing countries (TCDC) is of interest so that relevant experience, especially of rapidly growing developing countries, can fully inform national policies and programmes.

B. Aid coordination arrangements

11. As a newly independent country, Uzbekistan had no mechanism for dealing with foreign relations, including aid. In 1992, with joint assistance from the World Bank and UNDP, a Department for Foreign Economic Relations was established in the Cabinet of Ministers reporting to a Deputy Prime Minister. The Department consists of two divisions: one responsible for direct foreign investment and other matters relating to external economic relations; and the Development Cooperation Division (DCD), which is responsible for the coordination and management of external assistance, including both loans and grants, commodity aid and technical cooperation. DCD is the focal point for relations with donor agencies. It is also responsible for preparation and participation at donor meetings, including the Consultative Group. DCD is required to prepare periodic statements linking the Government's economic strategy to aid priorities. It is also responsible for accounting for commitments and disbursements and external debt. Implementation and monitoring of aid projects is the responsibility of line ministries in consultation with DCD.

12. At the Conference on Assistance to the Newly Independent States in October 1992, Uzbekistan called for the establishment of World Bank-led consultative groups. A pre-consultative group meeting was held in December 1992, followed by a local meeting in May 1993, to be followed by the first formal meeting in 1995. At the local level, informal donor meetings have been held on an ad hoc basis, chaired by UNDP or other multilateral agencies as appropriate. The integrated United Nations Office was opened in Tashkent in February 1993 and includes UNDP, the United Nations International Drug Control Programme (UNDCP), the Office of the United Nations High Commissioner for Refugees (UNHCR), the United Nations Children's Fund (UNICEF), the United Nations Industrial Development Organization (UNIDO) and the World Health Organization (WHO), some with regional responsibilities for Central Asia. The Resident Representative of UNDP is the United Nations Resident Coordinator and head of the integrated Office. The integrated Office has created a high profile for the United Nations and its activities and at the same time has raised high expectations.

III. THE COUNTRY PROGRAMME

A. Assessment of the ongoing country programme

13. Owing to the suddenness of the creation of the newly independent States of the former Soviet Union, UNDP assistance in Uzbekistan was initiated on the basis of a two-year short-term country framework. While this has been a useful interim measure, the framework has not been subject to the full range of the process of review of a country programme. It made use of various sources of funding, particularly of global and special funds of agencies, to get programmes started, particularly through identification missions and studies. Urgent use was also made of regional funds to involve the new nations in ongoing regional programmes. The programmable level of the fifth cycle indicative planning figure (IPF) allocation has therefore been supported by modest but valuable allocations from other programmes. The IPF of $6.283 million is largely committed for approved and pipeline projects.

14. The programme is intrinsically new and the scope for assessment of progress is limited. The Government's requirement is for national capacity-building and understanding of international experience in order to define new policies and manage new systems appropriate to a democratic, market-oriented society. UNDP's approach to capacity-building has been to promote high-level dialogue and special purpose initiatives leading to policies and programmes more suited to the needs of a society and economy in transition. Initiatives in privatization, taxation, investment promotion, role of non-governmental organizations (NGOs) in civil society, and social protection and poverty alleviation have led to a serious review and in some cases a significant revision by the Government of existing policies and approaches. It has also led to the drafting of new legislation and the creation of new institutions. Success is also indicated by the mobilization of resources through cost-sharing and parallel financing arrangements.

15. The Government and UNDP now wish to place the programme on the more formal footing of a country programme and to promote a more coordinated and coherent approach. At the same time, it is expected that the status of a country programme will enhance UNDP's efforts at coordination in those key programme areas where it has been requested to take a lead agency role and in the mobilization of external resources.

B. Proposals for UNDP cooperation

1. The preparatory process

16. This country programme has cut short the time-frame for consultation which is usually employed by UNDP and its cooperation partners. The priorities identified in the country programme flow from the pressing need of the Government to replace policies, structures and programmes which are now inoperative or not functioning adequately, owing to the transitional stage of the economic and social system. Accordingly, the Government and UNDP have employed an abridged process to submit a country programme for formal approval.

17. The programme builds on the initial identification and formulation missions undertaken by the specialized agencies through UNDP as well as those of UNDP itself. Since the opening of the United Nations Office, dialogue with the Government has been regular, at a high level and concerned with policy change to assist the transition to a democratic, market-oriented society. Despite the abridged process of consultation, the country programme reflects the agreement of the parties on the priorities appropriate for UNDP assistance, as well as the key issues and approaches to be taken.

2. Strategy for UNDP cooperation

18. The Government's strategy for UNDP cooperation has been guided by four principal considerations. First, to utilize the strength of the United Nations system in improving Uzbekistan's access to global markets and its international links. This interest is demonstrated by the Government's support for the unified United Nations Office. Secondly, to make use of UNDP's political and policy neutrality through a dialogue broadening its understanding of governance and the human development coalitions appropriate to a democratic society. Thirdly, to provide technical cooperation in critical areas of economic and social reform, private sector development and the management and coordination of external aid. A fourth and related consideration is UNDP's capacity to mobilize resources, particularly in those programme areas where UNDP may be designated as the lead agency.

19. Underlying these considerations is the Government's intention to integrate the technical cooperation of the United Nations system with its national mechanisms for defining and managing policies and issues appropriate to the transition to a democratic and market-oriented country. UNDP and its executing agencies are expected to assist from within in order to arrive at positions which are genuinely nationally defined and owned. This dialogue on policy issues, supported by training and experience sharing, will contribute to and enhance capacity-building in the management of the new systems required.

3. Proposed UNDP cooperation in selected areas of concentration

20. The proposed areas of UNDP concentration are for technical cooperation in support of economic and social reform and relate more specifically to economic coordination and aid management, private sector development and privatization, social sector reform and development, and promotion of a sustainable environment. In each area the overall objective is the development and promotion of a human-centred approach to development, defined by the Government as the pursuit of a socially oriented market economy.

Economic management and aid coordination

21. The Government believes that its gradualist approach to economic reform will avoid the social disruption that may discredit market reforms in the perception of society. It is required to generate revenue efficiently and at the same time to contract expenditure so as to reduce the deficit. This entails, inter alia, a tax system appropriate to a market-oriented system, one

which is both fair and efficient and does not drive economic activity underground. This area is highly relevant to the expertise of the World Bank and IMF. UNDP's contribution flows from the strategy of involving United Nations personnel within relevant ministries for capacity-building through dialogue and training. A multidisciplinary approach is required to address social issues and the consequences of alternative macroeconomic policies.

22. A major hindrance to the acceleration of reforms is the lack of appropriate institutions and an experienced cadre of specialists who are knowledgeable about macroeconomic and human development concerns. Dialogue with external agencies has not necessarily produced a full understanding of the implications involved in specific reform measures. This has hindered full implementation of the reforms. UNDP assistance (including the Management Development Programme (MDP)) will help to create a national capacity to undertake policy research, review policy options, promote the sharing of information among a broad range of national agencies and provide access to international experience.

23. For policy reform to succeed in a transition economy, there is a need to set the basis for market conditions. Through an accountancy project, UNDP support (with co-financing from the European Union) is building part of the basic business infrastructure needed for a market economy by undertaking a reform of the corporate accounting system, including laws and accounting standards, by retraining accountants and by strengthening the accountancy profession.

24. Aid coordination and management is a completely new function for the Department for Foreign Economic Relations, which is not yet in a position to carry out the full range of its intended functions. The Department is being strengthened by means of the Special Programme Resources (SPR)-funded National Technical Cooperation Assessment and Programme (NaTCAP). The project will focus on establishment of a technical cooperation database and the preparation of a policy on the provision and use of technical cooperation so that it can respond to priority needs. It will be complemented by a regional project on aid management.

Private sector development and privatization

25. This domain covers projects concerned with private sector development through support to the privatization process and small and medium-scale business development, and through the promotion of direct foreign investment. In the area of privatization, there are three main thrusts: to promote coherence and relevance by evaluating the success of the privatization process to date and direct policy advice, proposing remedial measures as necessary; to create a comprehensive database of all State property scheduled for privatization; and to improve the quality of privatization of larger enterprises which is now commencing, e.g., through industrial restructuring and management training. In small enterprises development, the approach has been the establishment of business incubators to nurture small businesses in their initial phase, since given the nature of the transition, the legal and operational framework remains inhospitable. The actual demonstration of successful businesses is likely to have considerable multiplier value.

26. As regards the promotion of foreign investment, UNDP will help the Government to establish an investment promotion service which will call upon the skills and resources of several United Nations agencies such as UNIDO and the United Nations Conference on Trade and Development (UNCTAD), and upon those of national investment promotion agencies in neighbouring Asian countries. This project builds upon a successful Tashkent Investment Round Table which took place in March 1994 and which drew heavily on Asian experiences through TCDC.

Social policy and sector development

27. Activities in this area of concentration demonstrate the value placed by the Government on the unique contribution to be made by the United Nations system, including the specialized agencies. The new economy can no longer sustain the social protection of the centrally planned economy, and the Government is interested in developing a social safety net which protects the most vulnerable groups and eradicates poverty in the longer term. The neutrality of the United Nations system is appropriate for assistance in these politically sensitive areas. The area of concentration has been stimulated and guided by an inter-agency initiative led by UNDP on urgent human needs. An international meeting in January 1994 brought together the Government and the international community in an open forum to discuss social priorities and the urgent actions required in order to prevent the gains in the social areas attained over several decades from being undermined or reversed. The Urgent Human Needs Initiative led to the first policy paper by the Government in the social sectors and the mobilization of about $8.0 million for unmet human needs. At the request of donors, a steering committee to coordinate has been set up and donor contributions have, in turn, given rise to health, water supply and self-employment projects. UNICEF, the United Nations Population Fund (UNFPA), the International Labour Organization (ILO) and WHO are involved in aspects of this initiative. This is now being followed up by a comprehensive social sector review being jointly undertaken by the Government and the United Nations system. To ensure the collaborative spirit of the exercise, a high-level task force is being set up which will include the Ministers of Social Protection, Labour, Health and Education. This review is also expected to lead to the identification of priority human development programmes which would be discussed with the donor community for appropriate support. Direct policy support will be provided in health in a joint project with WHO, since this is a critical period for the transition of the health-care system in Uzbekistan. This advisory assistance is also expected to contribute to the identification of modules for assistance from bilateral and NGO sources. Women and children have been particularly affected by changing social policies generally and in the health sector.

28. As the country transforms itself into a market economy and democratic society, the role of NGOs in the necessary broadening of the civil society becomes critical. The neutrality of the United Nations system and the spirit of partnership established at the Urgent Human Needs meeting and the NGO Conference (held in November 1994) have helped to create a more supportive environment for NGOs. Specifically, there is now growing acceptance and a significant change in policy in the promotion of NGOs and their work. Capacity-building activities supported by UNDP are under way to further this process of development of the civil society.

29. A major lacuna in the analysis of social issues is the lack of adequate social and human development statistics, including those providing a comprehensive understanding of the regional and gender aspects of the social issues. Through the social sector review and the preparation of a human development report, UNDP is supporting national efforts to gather appropriate statistics. These should also help in the elaboration of gender and development projects. A start has been made through the creation of a Gender and Development Unit to promote gender concerns and, in particular, to help protect the gains attained by women during the Soviet period. Because of the extent of needs in the social sector, the strategy is to use UNDP's limited resources as a leverage to generate substantial funding from bilateral and NGO sources.

30. Although Uzbekistan has a rich cultural history, the severity and immediacy of economic problems threaten the cultural heritage and the tourist potential which derives from it. Thanks to UNDP's access to the special expertise of the United Nations Educational, Scientific and Cultural Organization (UNESCO) in this area and support from the World Tourism Organization (WTO), the country programme includes a project on sustainable development and cultural revival. For a newly independent country, cultural self-expression serves as a major vehicle for promoting social inclusion and peace and stability. While the project has an urgent aim of conservation, it is also concerned with development of the handicrafts industry and the tourism industry, which has the potential to become a major foreign exchange earner from a very low base. At the same time, tourism development would be essentially linked to the private sector in a labour-intensive field which has very significant potential for employment creation. The project will be implemented in close cooperation with the neighbouring countries of Turkey, the Islamic Republic of Iran, Pakistan and India, some of which have already indicated their intention to contribute to the project.

The environment

31. The Aral Sea - once one of the largest lakes in the world - has been shrinking over the past 30 years. Today 90 per cent of the water from the Syr Darya and Amy Darya rivers is being diverted to support large irrigation projects for cotton production. Uzbekistan is one of the countries in Central Asia most affected by the crisis. About 30 million of the 50 million inhabitants of the region are affected by the Aral Sea crisis, which has led to soil degradation, poor drinking water and atmospheric pollution resulting in a sharp increase in infant and maternal mortality rates. While present cotton production levels are clearly unsustainable, there is also a pressing need to improve people's lives, particularly in the area of health. The joint World Bank/United Nations Environment Programme (UNEP)/UNDP initiative on the Aral Sea crisis (Paris, July 1994) in support of the decisions of the Governments of Central Asia led to a commitment to a Phase I programme of about US$ 40 million. Phase I includes feasibility studies and capacity-building support to the intergovernmental bodies overseeing and directing national, regional and international action. These regional bodies include an apex coordinating body, the Inter-State Council, based in Tashkent, and an international fund located in Almaty.

32. The success of the programme requires strong support from the international community so that bilateral and multilateral action under the Phase I programme rapidly brings together relevant national and regional research and technical bodies. A modest start has already been made, in particular by the German Agency for Technical Cooperation (GTZ), the United States Agency for International Development (USAID) and the Government of France, in supporting both immediate and longer term activities. A UNESCO ecological research and environmental monitoring programme for the delta regions of the Aral Sea is being financed by the German Government. According to its mandate, UNDP is taking the lead role in capacity-building of key regional and national bodies utilizing national and regional IPF funds along with a grant from the Government of the Netherlands. A Global Environment Facility (GEF) regional project is specifically dedicated to NGOs and their work in water use and management in the Central Asian republics.

33. At the Nukus Summit meeting, Heads of State of the Central Asian republics formally requested the United Nations to convene an international conference on the Aral Sea in that city, capital of Karakalpakstan, an autonomous republic within Uzbekistan, which borders the Aral Sea. The United Nations Conference planned for mid-1995 will seek to address the implications for sustainability of the Aral Sea crisis and will also identify the urgent needs of the population most directly affected by the crisis.

C. Assistance outside the main programme areas

34. Areas outside the main areas of concentration comprise humanitarian assistance concerned with the establishment of a framework for the donor response to emergency needs and a range of regional programmes, though some of them directly compliment and reinforce the main programme areas. Regional programmes are particularly important because of the land-locked location of Uzbekistan and the need to develop economic ties with neighbouring countries. Particular attention therefore is being given to linkages between regional, subregional and national programmes. Countries have indicated the strongest interest in those programmes of direct and serious concern to countries of the subregion. Besides the field of aid management and coordination and the Aral Sea, these programmes include an important initiative on trade and transit which UNCTAD is managing in cooperation with the Economic and Social Commission for Asia and the Pacific (ESCAP), drug control programmes managed by UNDCP through its office in Tashkent and the first phase of a biodiversity project intended for GEF funding.

D. Implementation and management arrangements

35. The country programme aims to move from the ad hoc nature of the initial assistance, through the interim Short-Term Country Framework, to a programme approach. The items of the programme will themselves be used to develop and promote a programme approach, through continuing policy dialogue and capacity-building within the context of the projects. Thus the NaTCAP approach, which helps to define strategies and implement them with an essential emphasis on national ownership, is being emulated in the fields of privatization and

economic reform, and in social policy reform and social development. Implementation will be facilitated by the existence in Tashkent of the unified United Nations Office, as for example in the close working relationship with UNCTAD, UNIDO and ILO in relation to projects of the privatization and economic reform sector. The unified Office will also reinforce the use of non-represented pools of consultancy and expert services, such as through the United Nations International Short-Term Advisory Resources (UNISTAR), United Nations Volunteers (UNV), Transfer of Knowledge through Expatriate Nationals (TOKTEN) and United Nations Development Fund for Women (UNIFEM) programmes.

36. National execution is an essential element of the NaTCAP project and a goal of the reform projects in the main areas of concentration. However, because of the magnitude of change in administrative and management systems, national execution will not be a simple step until financial and audit systems are in place which meet the required standards of transparency and accountability. A start has, however, been made and two projects are being nationally executed.

37. As the programme progresses, it is expected to indicate discrete strategies and programmes suitable for cost-sharing and parallel financing. The Government has expectations of UNDP's capacity to mobilize resources and, because of the limited IPF, particular attention will be given to this modality. The modality is also relevant to regional programmes of UNDP and specialized agencies which give rise to national programmes. Particular attention will be given to mobilization of resources in those areas, such as the environment and gender and development (GAD), which require priority attention owing to the pervasive economic and social effects of this initial period of transition to a democratic and market-oriented society.

Annex I

FINANCIAL SUMMARY

I. ESTIMATED RESOURCES (IPF + cost-sharing) TAKEN INTO ACCOUNT FOR PROGRAMMING

(Thousands of US dollars)

Carry-over from fourth cycle IPF	-
Fifth cycle IPF	6 283
Subtotal IPF	6 283
Project cost-sharing (Government)	
Project cost-sharing (third-party)	876
Subtotal cost-sharing	876
TOTAL	7 159

II. ALLOCATION OF RESOURCES (IPF + cost-sharing) BY AREA OF CONCENTRATION

Area of concentration	IPF	Cost-sharing	Total	Percentage of total resources
Economic management and aid coordination	2 125	666	2 791	38.9
Private sector development and privatization	2 234	-	2 234	31.2
Social policy and sector development	827	210	1 037	14.5
Subtotal	5 186	876	6 062	84.6
Unprogrammed reserve	-	-	-	
TOTAL	5 186	876	6 062	84.6

III. COMPLEMENTARY ASSISTANCE FROM OTHER SOURCES USED IN UNDP AREAS OF CONCENTRATION

	(Thousands of US dollars)
A. UNDP-administered funds	873*
SPR	408
B. Other United Nations resources	
UNFPA	672
Subtotal	
Other United Nations agencies (non-UNDP funded)	
UNDCP	
UNDHA	
WHO	
Subtotal	
C. Non-United Nations resources	500**
TOTAL	2 453

* Part of US$ 8 million raised for Urgent Human Needs. Negotiations under way on a further part of this support to be channelled through UNDP.

** Parallel financing by the European Union for an accounting project.

Annex II

PROGRAMME MATRIX

Area of concentration	Area of focus a/					
	Poverty eradication and grass-roots participation	Environment and natural resource management	Management development	TCDC	Transfer and adaptation of technology for development	GAD
Economic management and aid coordination			*		*	*
Private sector development and privatization			*	*	*	
Social policy and sector development	*		*			*
Environment	*	*		*		*
Assistance outside main programme areas				*		

a/ Asterisks indicate major linkage only.